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102D CONGRESS
1st Session
HOUSE OF REPRESENTATIVES
REPORT
102-184

EMERGENCY UNEMPLOYMENT COMPENSATION ACT OF 1991

AUGUST 2, 1991.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. ROSTENKOWSKI, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 3201]

[Including cost estimate of the Congressional Budget Office]

The Committee on Ways and Means, to whom was referred the bill (H.R. 3201) to provide emergency unemployment compensation, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

I. INTRODUCTION

A. PURPOSE AND SCOPE OF THE BILL

The Committee on Ways and Means completed action on H.R. 3201 on August 2, 1991. The purposes of the bill are: (1) to make extensions of benefits to long-term unemployed workers more widely available; (2) to restore unemployment insurance for ex-servicemembers to the same levels civilians receive; and (3) to establish an advisory council on unemployment insurance.

B. BACKGROUND AND NEED FOR LEGISLATION

During the last economic cycle, the economy reached its peak around June 1990 when the seasonally adjusted civilian unemployment rate bottomed out at 5.3 percent. Since the recession began, the civilian unemployment rate has risen almost steadily to 7.0 percent in June 1991. Today, if the unemployment rate were 5.3 percent again, nearly 2 million more workers would be employed. Total unemployment in June stood at 8.7 million workers, and

H783-9

nearly 1.2 million of these workers have been out of work more than 26 weeks.

The current economic situation is mixed, which has led some economists to speculate the recession has ended or is about to end. The Commerce Department's preliminary estimate of growth in real Gross National Product for the second quarter of 1991 was a positive 0.4 percent after two consecutive quarters of decline. Housing starts jumped by 5.2 percent in June, but durable goods orders were down 1.6 percent. Industrial production increased by 0.7 percent in June, the third consecutive monthly increase. Retail sales fell by 0.2 percent in May after rising by 0.8 percent in April. New claims of State unemployment insurance in the week ended July 13 jumped by 30,000 from 395,000 to 425,000. As of the week ended July 6, the national insured unemployment rate for the State unemployment insurance programs stood at 3.2 percent.

Although the economic news has improved recently, the outlook remains cloudy. The index of leading economic indicators climbed by 0.5 percent in June, which was the fifth consecutive monthly increase. It was reported that in all of the previous eight post-World War II recessions three consecutive increases in the leading indicators foretold the beginning of a recovery. Meanwhile, an index of current economic activity rose 0.3 percent in June, the second consecutive increase. Yet, consumer confidence fell again in June after rising only slightly in May and falling in the previous two months.

With most of the recent increase in consumer spending financed from consumer savings, it is unclear whether producers can sustain their recent increases in output without substantially rising consumer incom[illegible]. As of June, the personal savings rate was only 3.5 percent of dis[illegible]able personal income after approaching 6 percent in early 1989.

The Committee received convincing testimony that the Unemployment Insurance (UI) system is not working as well as it has in the past. First, about one-third fewer workers have been receiving unemployment benefits during this recession compared to the 1970s, severely damaging the system's counter-cyclical effectiveness (See Chart 1). Second, witnesses testified that the Federal-State Extended Benefits (EB) program is nearly dead. Only eight States plus Puerto Rico were activated under this program in the midst of the 1990–1991 recession compared to all States during the brief recession of 1980 (See Chart 2). Presently, only three States plus Puerto Rico are eligible for EB. Third, the Federal government has not as yet enacted a temporary extension of unemployment benefits despite having done so in response to every recession since Harry Truman was President, except the brief 1980 recession when the Extended Benefits program worked effectively (See Chart 3).

CHART 1

Ratio of Insured to Total Unemployment

in the Last Four Recessions

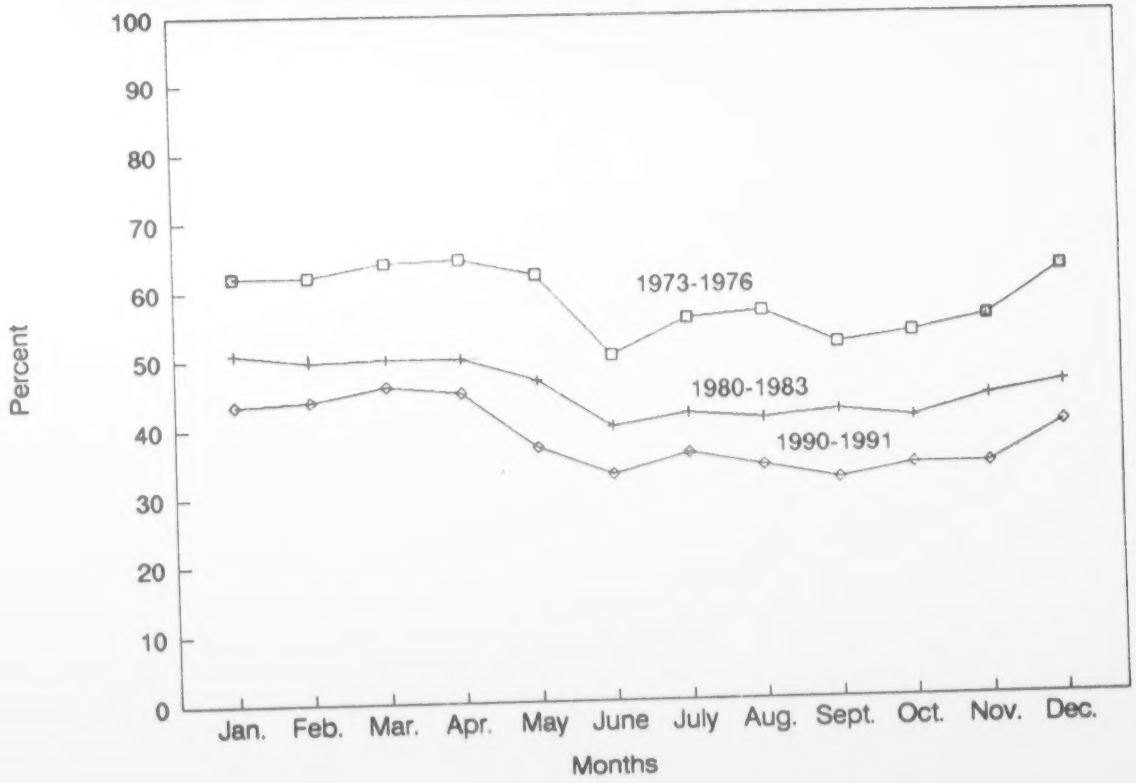
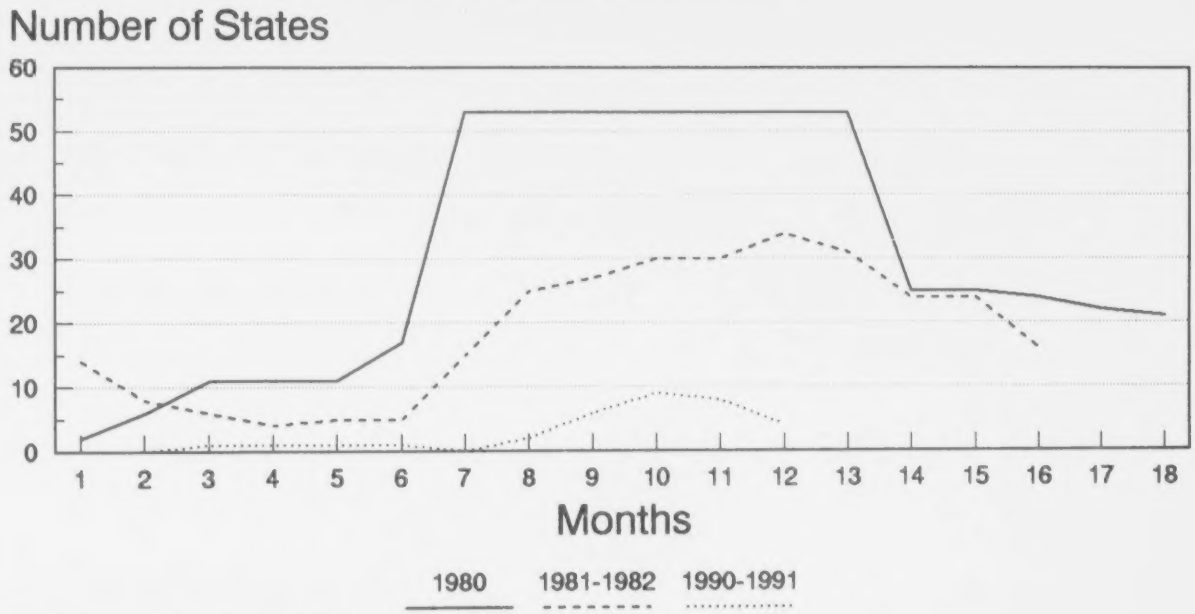


CHART 2

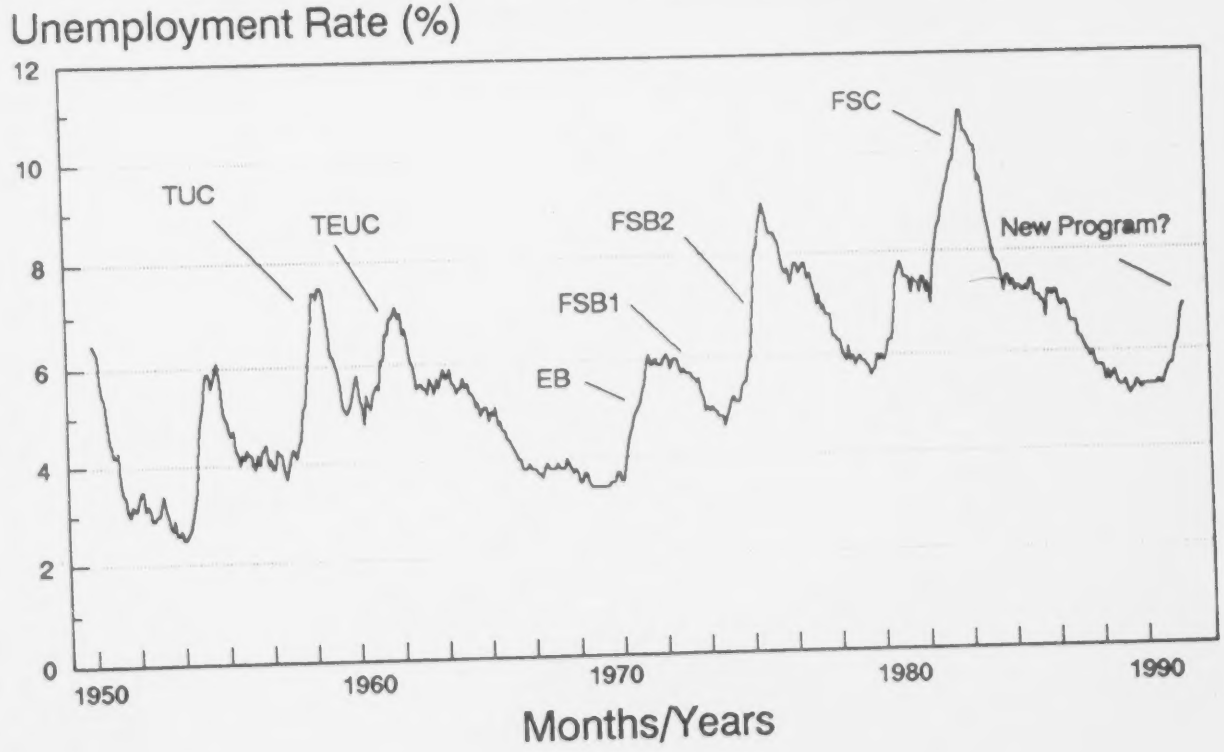
Number of States Activated under the Extended Benefits Program in the Last Three Recessions



1980 Recession Data from 1/80 to 7/81
1981-1982 Recession Data from 7/81 to 11/82
1990-1991 Recession Data from 7/90 to 7/91

CHART 3

Extensions of Unemployment Benefits in Relation to Monthly Unemployment Rates Since 1950



The Emergency Unemployment Compensation Act aims to deal with many of the problems identified in hearings held by the Committee in 1991. First, the bill would respond to the need for extended benefits for long-term unemployed workers by supplementing the Extended Benefits (EB) program with an Emergency Unemployment Compensation (EUC) program paid for entirely with Federal funds. Second, the bill would restore to ex-military personnel the same 26 weeks of benefits available to civilians. Third, the bill would create an advisory council on unemployment compensation to study the system every four years. Fifth, the bill would designate all direct spending and all appropriations authorized by the bill as emergency requirements within the meaning of part C of the Balanced Budget and Emergency Deficit Control Act of 1985.

Currently, only about 5 percent of the nearly 1.2 million workers who have been unemployed longer than 26 weeks receive EB. The new program probably would raise this proportion by about tenfold to over 600,000 workers. It would do so by providing at least 4 weeks in all States and 7, 13, or 20 weeks depending on the unemployment rate in each State.

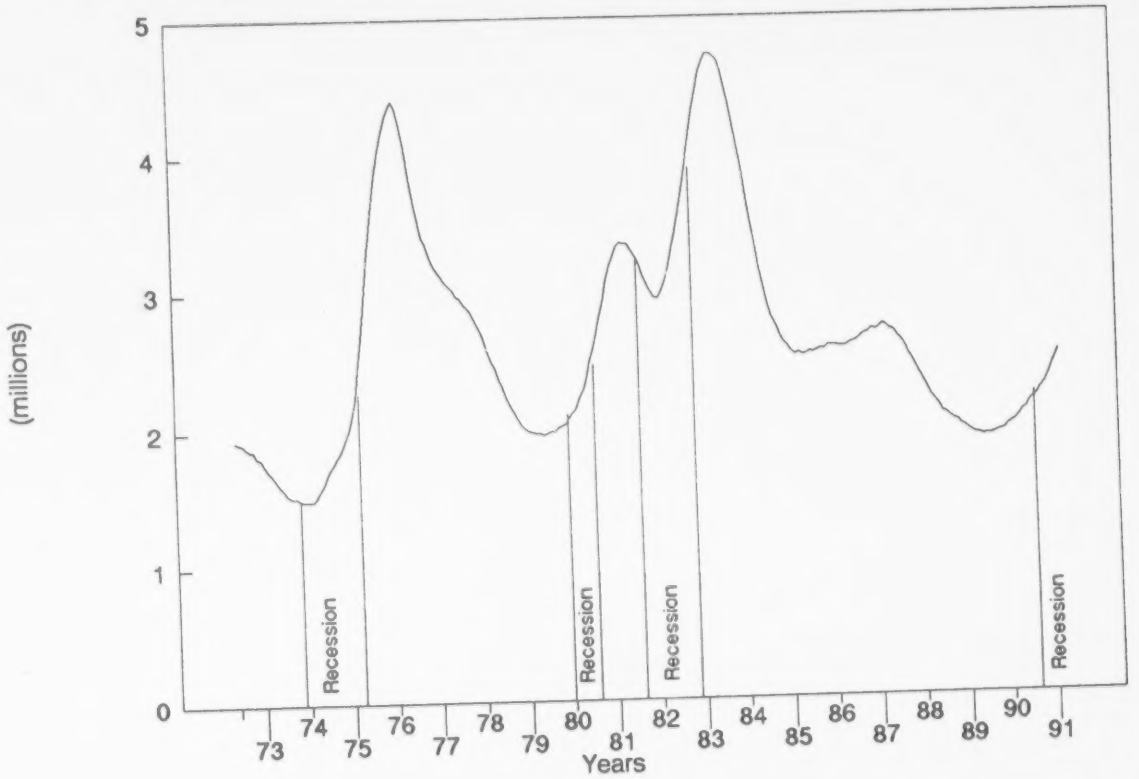
Presently, the EB program is activated using the insured unemployment rate or "IUR," which is the percent obtained by dividing number of unemployed workers eligible for benefits by UI-covered employment. This measure never included workers who had run out of their benefits but were still unemployed. Many economists thought the IUR worked well until the fraction of job losers receiving unemployment insurance dropped well below 100 percent to about 80 percent. Even before that, however, the IUR had the ironic effect of deactivating EB in a State when substantial numbers of workers were running out of benefits, which reduced insured unemployment and therefore, the IUR.

To correct this downward bias, the bill would use the total unemployment rate or "TUR," which is the percent obtained by dividing the number of unemployed workers by the civilian labor force in each State. Although this measure has the disadvantage of including new entrants and reentrants to the labor force and job quitters in the numerator, workers who normally are ineligible for UI, it has the advantage of more accurately measuring labor market conditions faced by long-term unemployed workers in a State. In essence, it is a better proxy measure of the probability that a long-term unemployed worker cannot find another job. If that probability is high, the bill would activate FSC in the State and long-term unemployed UI exhaustees would receive supplemental benefits.

Although some economists have speculated that the recession is about to end or perhaps has ended already, the need for extensions of benefits will be even greater in the ensuing months. It is well known that the rate at which workers run out of benefits only starts to rise about 6 months after a recession begins and continues to rise for about 6 months after a recession is over (See Chart 4). Since the number of workers running out of benefits began to rise only in the past few months, the largest need for extended benefits is likely to occur through the end of this year even if the recession has ended.

CHART 4

Regular State UI Benefit Exhaustions



Some have pointed to an unemployment rate in June of "only" 7.0 percent to suggest that there is little need for an extension of benefits. Yet, testimony before the Committee showed that although the level of the unemployment rate has been lower during the 1990–1991 recession than the last five recessions, the rate of job loss in the 1990–1991 recession has been more severe than the average for the last five recessions. Certainly, the loss of nearly 2 million jobs indicates a serious recession by Post-World War II standards.

The unemployment rate fell from 7.0 percent in June to 6.8 percent in July primarily because 415,000 workers dropped out of the labor force. If these workers had stayed in the labor force and remained unemployed, the unemployment rate would have risen to 7.1 percent.

Despite the seeming good news, employment in the household survey dropped by 172,000. Moreover, average weekly hours worked in the private sector dropped by 0.4 percent.

Looking at the data from the survey of firms, employment fell in all major sectors except manufacturing and retail trade. Employment dropped by 22,000 in construction, 22,000 in services, and 10,000 in government. Overall, net non-farm employment fell by 51,000.

The provisions restoring the Ex-Servicemembers' benefits to their pre-1981 levels when ex-military personnel were treated the same as civilians probably helps close to 50,000 ex-military personnel. In addition, the bill would reduce the number of continuous days of service required of activated reservists from 180 to 90 days, which would help some returning veterans of Operation Desert Storm to receive unemployment benefits.

A quadrennial advisory council would be established to study the system and make recommendations for improvement. It would evaluate the unemployment compensation program, including its purpose, goals, countercyclical effectiveness, coverage, benefit adequacy, trust fund solvency, funding of administrative costs, administrative efficiency, and any other aspects of the program.

C. SUMMARY OF PRINCIPAL PROVISIONS

The Emergency Unemployment Compensation (EUC) would provide four tiers of weeks of benefits in the States depending on their total unemployment rates (TUR). States with a TUR of at least 8 percent would be eligible to pay 20 weeks of benefits. States with a TUR of at least 7 percent would be eligible to pay 13 weeks of benefits. States with a TUR of 6 percent would be eligible to provide 7 weeks of benefits. All States with TURs below 6 percent would be eligible to pay 4 weeks of benefits. (See Table 1.)

EUC benefits would be paid to any unemployed worker who exhausted his regular benefits from September 1991 through June 1992. Unemployed workers who have exhausted their benefits under the regular program between April 1 and September 1 would be eligible to receive the tier of benefits activated in the State if the TUR is at least 6 percent.

All EUC benefit costs would be paid for from the Extended Unemployment Compensation Account (EUCA), which will have about

$8 billion in it by the end of fiscal year 1991. After funding the EUC program, the Department of Labor actuaries estimate that the EUCA would retain over $3.5 billion by the end of fiscal year 1992, and it would grow to $9 billion by the end of fiscal year 1994.

Ex-servicemembers would be able to receive up to 26 weeks of benefits instead of the current 13 weeks, and they would be required to wait only one week instead of four weeks. In addition, reservists would be required to serve only 90 consecutive days of active duty instead of the current 180 days to receive credit for their active duty service under the unemployment compensation program.

An advisory council would be established to perform a similar function to the Social Security Advisory Council. It would be appointed every four years to examine the goals and functioning of the unemployment compensation system.

II. Explanation of Provisions

1. Emergency unemployment compensation (EUC) program

Present law

Under present law, unemployed workers are paid up to 26 weeks of regular unemployment benefits financed by State unemployment, the extended benefit (EB) program pays up to 13 weeks of additional benefits to workers who have exhausted their regular benefits. The EB program is a joint Federal-State program, half of which is financed by Federal unemployment taxes on employers and half by State taxes.

Extended benefits are paid only when a State's insured unemployment rate (IUR—the ratio of unemployed workers claiming unemployment benefits to all workers in covered employment) is at least 5 percent and exceeds by 20 percent the average rate of unemployment in the State during the last two years. States with a 6 percent insured unemployment rate can choose to pay EB without meeting the 20 percent test.

Explanation of provision

All States would be eligible to provide Emergency Unemployment Compensation (EUC) benefits to unemployed workers who have exhausted their unemployment benefits under existing programs. These benefits would be available between September 1, 1991 and July 4, 1992.

There would be four levels of weeks of eligibility for EUC benefits. The number of weeks of benefits payable to an unemployed worker in a particular State would be determined by the total unemployment rate (TUR—the ratio of all unemployed workers to all workers in the labor force) in that State during the preceding six months:

States with a TUR of 8 percent or higher would be eligible to provide 20 weeks of EUC benefits;

States with a TUR of 7 percent would be eligible to provide 13 weeks of benefits;

States with a TUR of 6 percent would be eligible to provide 7 weeks of benefits;

All States with a TURs below 6 percent would be eligible to provide 4 weeks of benefits.

Once a State had "triggered on" for a 7, 13, or 20 week period of EUC benefits, the state would remain triggered on for at least 13 weeks, even if its TUR dropped during that period. Alternatively, if a State's unemployment rate increases during that period, so that the State qualifies for a higher number of weeks, workers in that State would qualify for the additional benefits.

Also, once an unemployed worker became eligible for 7, 13, or 20 weeks of EUC benefits, the worker would be paid for all weeks to which he was entitled, even if the state "triggered off" or the program expires before the worker had received the full number of weeks of benefits.

WEEKS OF BENEFITS FOR STATES UNDER EUC PROGRAM (BASED ON JANUARY—JUNE 1991 AVERAGE TUR)

4 Weeks	7 Weeks	13 Weeks	20 Weeks
Arizona	Georgia	Alabama	Alaska
Colorado	Illinois	Arkansas	Maine
Connecticut	Indiana	California	Massachusetts
Hawaii	Louisiana	Delaware	Michigan
Iowa	Maryland	D.C.	Mississippi
Kansas	Missouri	Florida	Puerto Rico
Minnesota	Nevada	Idaho	Rhode Island
Nebraska	New Jersey	Kentucky	West Virginia
North Dakota	North Carolina	Montana	
South Dakota	Ohio	New Hampshire	
Utah	Oklahoma	New Mexico	
Virginia	Oregon	New York	
Wisconsin	South Carolina	Pennsylvania	
Wyoming	Tennessee	Vermont	
	Texas		
	Washington		

Note: This table uses the most recent 6-month moving average to classify States by the number of weeks they would have received if the bill had been in effect in August. This list would change each month if the bill is enacted. For example, if a State with four weeks experiences an increase in its unemployment rate over the next few months, it could move up to a higher tier.

Currently, only Alaska, Maine, Puerto Rico, and Rhode Island get 13 weeks under the Extended Benefits program.

Unemployed workers who had exhausted their benefits under the regular unemployment program between April 1 and September 1 would be eligible to receive EUC benefits in States that had a TUR of at least 6 percent and had triggered on to 7, 13, or 20 weeks of Federal benefits.

All EUC benefit costs would be paid for from the EUCA trust fund. The fund is estimated to have a balance of about $8 billion by the end of FY 1991. After financing the full costs of EUC benefits, the Labor Department actuaries estimate that the EUCA account would have a balance of over $3.5 billion at the end of FY 1992, and would grow to $9 billion by the end of FY 1994.

II. EX-SERVICEMEMBERS' BENEFITS

Present law

Under Federal law ex-servicemembers are eligible for only 13 weeks of unemployment compensation after serving a 4-week wait-

ing period. In addition, reservists must serve 180 continuous days on active duty to receive credit for their service.

Explanation of provision

This provision would make a permanent change to provide unemployment benefits for ex-servicemembers' on the same basis as benefits are provided to unemployed civilians. Unemployed veterans of Operation Desert Storm and other ex-servicemembers would have a waiting period of no more than one week and would be eligible for a full 26 weeks of regular benefits (versus a 4 week wait and only 13 weeks of regular benefits under current law). In addition, reserve members who have been called to active duty could receive benefits after serving a continuous period of 90 days, instead of having to meet the current 180 day requirement.

III. ADVISORY COUNCIL

Present law

Title IX of the Social Security Act requires the Secretary of Labor to establish a Federal Advisory Council on unemployment compensation. The number of members must not exceed 16, including the chairman. The Council's purpose is to review the Federal-State unemployment compensation system and to make recommendations for change to the Secretary.

The Council is appointed by the Secretary, and members must consist of representatives of employers and employees, in equal numbers, and the public. The Council held its last formal meeting on April 22 and 23 of 1981. Its charter expired in 1986.

Explanation of provision

This provision would provide for the establishment of an Unemployment Compensation Advisory Council. The Council would be similar in function to the Social Security Advisory Council. It would be appointed every four years to examine the purpose, goals and functioning of the unemployment compensation system, and to make recommendations for improvement. Five of the members would be appointed by the President, 3 by the Speaker of the House in consultation with the Chairman of the Committee on Ways and Means, and 3 by the President pro tempore of the Senate in consultation with the Chairman of the Committee on Finance.

IV. BUDGET COMPLIANCE

Present law

The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Enforcement Act of 1990, provides for a way to exempt new outlays from spending caps and the pay-as-you-go sequester by designating them as an emergency.

The Balanced Budget and Emergency Deficit Control Act of 1985, as amended, provides for losses in revenue or increases in mandatory spending are not offset by some combination of increases in revenue or cuts in other mandatory spending, a sequester of non-exempt mandatory spending will occur 15 days after Congress adjourns for the year. Under the sequester, cuts are imposed on all

non-exempt mandatory spending programs. The Medicare cut is limited to 4 percent, but because Medicare is so large relative to other non-exempt mandatory spending, it would absorb over 80 percent of the total sequester reductions.

Explanation of provision

Spending would be designated as an emergency requirement, as provided in sections 251(b)(2)(D)(i) and 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985.

None of the Act can take effect unless, not later than the date of the enactment of this Act, the President submits to the Congress a written designation that all direct spending amounts and all appropriations authorized by the Act meet the emergency requirements of Balanced Budget and Emergency Deficit Control Act of 1985.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 2, 1991.

Hon. DAN ROSTENKOWSKI,
Chairman, Committee on Ways and Means, U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate of H.R. 3201, the Emergency Unemployment Act of 1991, as ordered reported by the Committee on Ways and Means on August 2, 1991.

Because this bill would affect direct spending, we have provided an attachment with the estimate required by clause 8 of House Rule XXI.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

ROBERT D. REISCHAUER,
Director.

Enclosure.

The cost estimates for the bill are as follows:

[In millions of dollars]

	Fiscal years						Total for 6 years
	1991	1992	1993	1994	1995	1996	
Outlays:							
Emergency unemployment compensation	770	4,360	0	0	0	0	5,130
Ex-servicemembers	10	115	115	120	120	125	605
Total	780	4,475	115	120	120	125	5,735

In addition, $175 million in discretionary administrative monies could be appropriated and designated as emergency pursuant to the enactment of this bill.

III. Budget Effects of the Bill

A. COMMITTEE ESTIMATE

In compliance with clause 7(a) of Rule XIII of the Rules of the House of Representatives, the following statement is made: the Committee agrees with the estimate prepared by the Congressional Budget Office which is included below.

B. STATEMENT REGARDING NEW BUDGET AUTHORITY AND TAX EXPENDITURES

In compliance with clause 2(l)(3)(B) of Rule XI of the Rules of the House of Representatives, the committee states that the letter from the Congressional Budget Office indicates that there is a change in budget authority and that there are no new or increased tax expenditures as a result of the bill.

COST ESTIMATE PREPARED BY THE CONGRESSIONAL BUDGET OFFICE

In compliance with clause 2(l)(3)(C) of Rule XI of the Rules of the House of Representatives requiring a cost estimate prepared by the Congressional Budget Office, the following report prepared by CBO is provided.

Congressional Budget Office Cost Estimate

1. Bill number: H.R. 3201.
2. Bill title: Emergency Unemployment Compensation Act of 1991.
3. Bill status: As ordered reported by the Committee on Ways and Means on August 2, 1991.
4. Bill purpose: To authorize a new federal emergency unemployment compensation program, to provide additional weeks of unemployment benefits for former members of the armed services, and to establish a new Unemployment Compensation Advisory Council.
5. Estimated Cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1991	1992	1993	1994	1995	1996
Direct spending:						
Federal emergency unemployment compensation:						
Estimated budget authority	770	4,360	0	0	0	0
Estimated outlays	770	4,360	0	0	0	0
Former members of the Armed Services:						
Estimated budget authority	10	115	115	120	120	125
Estimated outlays	10	115	115	120	120	125
Amounts subject to appropriations action:						
Advisory council:						
Estimated authorization	0	1	1	0	0	1
Estimated outlays	0	1	1	0	0	1
Administrative costs:						
Estimated authorization	25	150	0	0	0	0
Estimated outlays	25	150	0	0	0	0

Basis of Estimate: *Federal Emergency Unemployment Compensation.* H.R. 3201 would authorize a temporary federal emergency un-

employment compensation program. This program would provide four tiers of benefits depending on a state's total unemployment rate (TUR). If a state's TUR equaled or exceeded 8 percent, then 20 weeks of additional benefits would be available in that state. If a state's TUR equaled or exceeded 7 percent and was less than 8 percent, then 13 weeks of additional benefits would be available in that state. If a state's TUR equaled or exceeded 6 percent and was less than 7 percent, then 7 additional weeks of benefits would be available in that state. Finally, if a state's TUR was less than 6 percent, then 4 additional weeks of benefits would be available in that state. The Emergency Unemployment Compensation program would be in effect from September 1991 through June of 1992.

The estimated cost of this program is $5.130 billion in fiscal years 1991 and 1992. This estimate assumes that the temporary program would pay benefits for approximately 30 million weeks of unemployment and that the average benefit amount would be $170 per person per week. The estimate was developed using a model that compares projected unemployment rates with the structure of rates that determine the four benefit tiers. The estimate is based on CBO's February 1991 economic assumptions that included a 6.6 percent unemployment rate for fiscal year 1992.

In addition, CBO estimates there would be additional administrative costs of $175 million in fiscal years 1991 and 1992 to process the additional claims for the Federal Emergency Unemployment Compensation program.

Former Members of the Armed Services. H.R. 3201 would increase the number of weeks of unemployment benefits that ex-servicemembers could collect unemployment benefits. This bill would reduce the waiting period from four weeks to one week and would extend the eligibility period from 13 weeks to 26 weeks. This provision would be effective on the date of enactment. CBO estimates the cost of this provision would be $10 million in 1991 and would grow to $125 million in 1996. The costs for fiscal year 1991 reflect one month of increased benefits.

Advisory Council on Unemployment Compensation. Further, H.R. 3201 would establish an Advisory Council on Unemployment Compensation similar to the Social Security Advisory Council. The Council would be required to meet not later than February 1, 1992 and every fourth year thereafter. The Council's first report would be due January 1, 1993. The function of the Council would include reports to Congress regarding the counter-cyclical effectiveness of the unemployment compensation program, benefit adequacy, trust fund solvency and administrative efficiency of the program. The Council would consist of 11 members. Each member of the Council would be compensated including travel expenses and a per diem. H.R. 3201 would authorize appropriations for any staff support and technical assistance required by the Council. Based on estimates for the Social Security Council and other Councils, CBO estimates the cost would be $1 million in fiscal years 1992, 1993 and 1996. There would be no costs in fiscal years 1994 and 1995 because the Council would not be meeting.

Discretionary Appropriations. Any discretionary appropriation provided pursuant to this act will not be counted against the discretionary spending limits in the Budget Enforcement Act. Section

10 requires that appropriation amounts will only become available if an emergency is declared. Funding for emergencies is not counted against the discretionary spending caps.

6. Pay-as-you-go considerations: Section 10 of the bill states that no provisions of this bill would take effect unless the President designates this bill as an emergency requirement under section 252(e) of the Balanced Budget and Emergency Deficit Control Act of 1985. Section 10 also provides that if the President makes such a designation, the Congress shall be deemed to have so designated this bill in statute. In either case, direct spending from this bill would not be subject to the pay-as-you-go procedures.

7. Estimated Cost to State and local government: None.

8. Estimate comparison: None.

9. Previous CBO estimate: None.

10. Estimate prepared by: Cory Oltman.

11. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

Congressional Budget Office Estimate: [1] The applicable cost estimate of this Act for all purposes of sections 252 and 253 of the Balanced Budget and Emergency Deficit Control Act of 1985 shall be as follows:

[By fiscal years, in millions of dollars]

	1991	1992	1993	1994	1995
Change in outlays	0	0	0	0	0
Change in receipts	0	0	0	0	0

IV. Other Matters Required To Be Discussed Under the Rules of the House

A. VOTE OF THE COMMITTEE

In compliance with clause 2(l)(2)(B) of rule XI of the Rules of the House of Representatives, the following statement is made: the bill, H.R. 3201, was ordered favorably reported with an amendment in the nature of a substitute for the original text to the House of Representatives on August 2, 1991 by voice vote.

B. OVERSIGHT FINDINGS

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee reports that the need for this legislation was confirmed by the oversight hearings of the Subcommittee on Human Resources.

In the 102d Congress, the Subcommittee held a total of 5 hearings on unemployment insurance. The hearings were as follows:

On February 6, 1991, the Subcommittee held a hearing on Unemployment Insurance and the Recession (Serial 102–1).

[1] An estimate of H.R. 3201, Emergency Unemployment Compensation Act of 1991, as ordered reported by the Committee on Ways and Means on August 2, 1991. This estimate was transmitted by the Congressional Budget Office on August 2, 1991.

On February 20, 1991, the Subcommittee held a hearing on Coverage and Finance Issues in the Unemployment Insurance System (Serial 102–7).

On February 26, 1991, the Subcommittee held a hearing on Long-Term Unemployed (Serial 102–2).

On February 28, 1991, the Subcommittee held a hearing on Job Search and Re-employment Services for the Unemployed (Serial 102–9).

C. OVERSIGHT BY COMMITTEE ON GOVERNMENT OPERATIONS

In compliance with clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee states that no oversight findings and recommendations have been submitted to this Committee by the Committee on Government Operations with respect to the provisions contained in this bill.

D. INFLATION IMPACT

In compliance with clause 2(l)(4)(B) of rule XI of the Rules of the House of Representatives, the Committee states that the provisions of the amendments are not expected to have any inflationary impact on the economy.

V. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 8521 OF TITLE 5, UNITED STATES CODE

§ 8521. Definitions; application

(a) For the purpose of this subchapter—

(1) "Federal service" means active service (not including active duty in a reserve status unless for a continuous period of [180] *90* days or more) in the armed forces or the Commissioned Corps of the National Oceanic and Atmospheric Administration if with respect to that service—

(A) * * *

* * * * * * *

[(c)(1) An individual shall not be entitled to compensation under this subchapter for any week before the fifth week beginning after the week in which the individual was discharged or released.

[(2) The aggregate amount of compensation payable on the basis of Federal service (as defined in subsection (a)) to any individual with respect to any benefit year shall not exceed 13 times the individual's weekly benefit amount for total unemployment.]

SOCIAL SECURITY ACT

* * * * * * *

[FEDERAL ADVISORY COUNCIL

[SEC. 908. (a) The Secretary of Labor shall establish a Federal Advisory Council, of not to exceed 16 members including the chairman, for the purpose of reviewing the Federal-State program of unemployment compensation and making recommendations to him for improvement of the system.

[(b) The Council shall be appointed by the Secretary without regard to the civil service laws and shall consist of men and women who shall be representatives of employers and employees in equal numbers and the public.

[(c) The Secretary may make available to the Council an Executive Secretary and secretarial, clerical, and other assistance, and such pertinent data prepared by the Department of Labor, as it may require to carry out its functions.

[(d) Members of the Council shall, while serving on business of the Council, be entitled to receive compensation at rates fixed by the Secretary, but not exceeding $100 per day, including travel time; and while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by 5 U.S.C. 5703 for persons in government service employed intermittently.

[(e) The Secretary shall encourage the organization of similar State advisory councils.

[(f) There are hereby authorized to be appropriated for the fiscal year ending June 30, 1971, and for each fiscal year thereafter such sums, not to exceed $100,000, as may be necessary to carry out the purposes of this section.]

ADVISORY COUNCIL ON UNEMPLOYMENT COMPENSATION

SEC. 908. (a) ESTABLISHMENT.—Not later than February 1, 1992, and every 4th year thereafter (but not before February 1 of such 4th year), the Secretary of Labor shall establish an advisory council to be known as the Advisory Council on Unemployment Compensation (referred to in this section as the "Council").

(b) FUNCTION.—It shall be the function of each Council to evaluate the unemployment compensation program, including the purpose, goals, countercyclical effectiveness, coverage, benefit adequacy, trust fund solvency, funding of State administrative costs, administrative efficiency, and any other aspects of the program and to make recommendations for improvement.

(c) MEMBERS.—

(1) IN GENERAL.—Each Council shall consist of 11 members as follows:

(A) 5 members appointed by the President, to include representatives of business, labor, State government, and the public.

(B) 3 members appointed by the President pro tempore of the Senate, in consultation with the Chairman and ranking member of the Committee on Finance.

(C) 3 members appointed by the Speaker of the House, in consultation with the Chairman and ranking member of the Committee on Ways and Means.

(2) QUALIFICATIONS.—In appointing members under subparagraphs (B) and (C), the President pro tempore of the Senate and the Speaker of the House shall each appoint—

(A) 1 representative of the interests of business,

(B) 1 representative of the interests of labor, and

(C) 1 representative of the interests of State governments.

(3) VACANCIES.—A vacancy in any Council shall be filled in the manner in which the original appointment was made.

(4) CHAIRMAN.—The President shall appoint the Chairman.

(d) STAFF AND OTHER ASSISTANCE.—

(1) IN GENERAL.—Each council may engage any technical assistance (including actuarial services) required by the Council to carry out its functions under this section.

(2) ASSISTANCE FROM SECRETARY OF LABOR.—The Secretary of Labor shall provide each Council with any staff, office facilities, and other assistance, and any data prepared by the Department of Labor, required by the Council to carry out its functions under this section.

(e) COMPENSATION.—Each member of any Council—

(1) shall be entitled to receive compensation at the rate of pay for level V of the Executive Schedule under section 5316 of title 5, United States Code, for each day (including travel time) during which such member is engaged in the actual performance of duties vested in the Council, and

(2) while engaged in the performance of such duties away from such member's home or regular place of business, shall be allowed travel expenses (including per diem in lieu of subsistence) as authorized by section 5703 of title 5, United States Code, for persons in the Government employed intermittently.

(f) REPORT.—

(1) IN GENERAL.—Not later than February 1 of the second year following the year in which any Council is required to be established under subsection (a), the Council shall submit to the President and the Congress a report setting forth the findings and recommendations of the Council as a result of its evaluation of the unemployment compensation program under this section.

(2) REPORT OF FIRST COUNCIL.—The Council shall include in its February 1, 1994, report findings and recommendations with respect to determining eligibility for extended employment benefits on the basis of unemployment statistics for regions, States, or subdivisions of States.

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